Anomalous application of VAT

1460. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether anomalous application of VAT by the State and the Service Tax by the Centre imposes a heavy burden on consumers who are losing out in the process;

(b) whether telecommunication is a sector where both the Central and State Governments have staked a claim;

(c) whether pre-paid cards and re-charge coupons are taxable as goods or services or both; and

(d) whether the leasing sector is also subjected to such unjust imposition of double-taxation process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) State VAT/Sales TAx/Commercial Tax is levied by the State Governments on "sale of goods", whereas Service Tax is leviable by the Central Government on specified taxable services. It is possible that the object of both State VAT as well as Service Tax, may be the same but the subject matter, the incidence of rate and the mechanism for collection of tax are different.

(b) and (c) It is understood that in the telecommunication sector, the issue of classifying SIM Cards, Pre-paid Cards and Recharge Coupon as goods or services is before the Hon'ble Supreme Court.

(d) A number of States levy Sales Tax/VAT on leasing under "transfer of right to use goods". Service Tax is leviable on financial leasing including equipment leasing and hire purchase services.

Funds to Madhya Pradesh for three tier PRIs

†1461. SHRI LAXMINARAYAN SHARMA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that as per the recommendation of Eleventh Finance Commission an amount of Rs. 505.47 crore was to be released

†Original notice of the question was received in Hindi.